



COMMUNITY
GIVING

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

COMMUNITYGIVING

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	7-8
Notes to Consolidated Financial Statements	9-22



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
CommunityGiving
St. Cloud, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of COMMUNITYGIVING (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of COMMUNITYGIVING as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of COMMUNITYGIVING and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about COMMUNITYGIVING's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of COMMUNITYGIVING's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about COMMUNITYGIVING's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Miller, Welle, Heiser & Co., Ltd.

MILLER, WELLE, HEISER & CO., LTD.
Certified Public Accountants

St. Cloud, Minnesota
November 9, 2023

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS:		
Cash and cash equivalents	\$ 3,118,852	\$ 4,068,136
Other receivables	1,149,820	940,677
Unconditional promises to give	10,450	46,650
Prepaid expenses	32,570	50,523
Investments	192,415,256	177,005,186
Irrevocable trust investments	8,181,973	7,985,324
Property and equipment, net	783,695	737,946
Operating lease right-of-use assets	88,719	-
Other assets	<u>2,846,862</u>	<u>2,268,780</u>
 TOTAL ASSETS	 <u>\$ 208,628,197</u>	 <u>\$ 193,103,222</u>
LIABILITIES:		
Accounts payable	\$ 113,107	\$ 88,622
Accrued expenses	184,881	138,729
Grant awards payable	211,500	136,277
Due on investment	10,000	20,000
Operating lease liabilities	88,719	-
Agency funds	35,044,232	30,893,267
Deferred gift liabilities for split-interest agreements	<u>2,644,880</u>	<u>2,703,178</u>
 TOTAL LIABILITIES	 <u>38,297,319</u>	 <u>33,980,073</u>
NET ASSETS:		
Without donor restrictions		
Undesignated	89,947,074	86,092,570
Quasi-endowment	32,922,396	28,115,657
Designated by the Board	<u>13,039,208</u>	<u>12,421,700</u>
 Total net assets without donor restrictions	 135,908,678	 126,629,927
With donor restrictions		
Charitable remainder trusts and irrevocable plan gifts	8,181,973	7,985,324
Endowment	<u>26,240,227</u>	<u>24,507,898</u>
 Total net assets with donor restrictions	 34,422,200	 32,493,222
 TOTAL NET ASSETS	 <u>170,330,878</u>	 <u>159,123,149</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 208,628,197</u>	 <u>\$ 193,103,222</u>

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Contributions of cash and investments, net	\$ 14,699,820	\$ 456,528	\$ 15,156,348
Contributions of non-financial assets	22,153	-	22,153
Interest and dividend earnings	3,603,861	131,359	3,735,220
Investment earnings, realized and unrealized gains (losses)	10,816,998	1,209,753	12,026,751
Rental/Building income	51,900	-	51,900
Other income, special events	280,330	-	280,330
Change in value of trusts	-	131,338	131,338
Net change in value of life insurance	(277,239)	-	(277,239)
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue and support	 <u>29,197,823</u>	 <u>1,928,978</u>	 <u>31,126,801</u>
GRANTS AND EXPENSES:			
Grants and program expenditures	17,832,606	-	17,832,606
Administrative expenses	1,032,969	-	1,032,969
Fundraising and development	<u>1,053,497</u>	<u>-</u>	<u>1,053,497</u>
 Total grants and expenses	 <u>19,919,072</u>	 <u>-</u>	 <u>19,919,072</u>
 Change in net assets	 9,278,751	 1,928,978	 11,207,729
 Net assets as of beginning of year	 <u>126,629,927</u>	 <u>32,493,222</u>	 <u>159,123,149</u>
 Net assets as of end of year	 <u>\$ 135,908,678</u>	 <u>\$ 34,422,200</u>	 <u>\$ 170,330,878</u>

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Contributions of cash and investments, net	\$ 31,796,437	\$ 2,753,641	\$ 34,550,078
Interest and dividend earnings	3,577,551	99,147	3,676,698
Investment earnings, realized and unrealized gains (losses)	(17,439,118)	(4,309,910)	(21,749,028)
Rental/Building income	52,175	-	52,175
Other income, special events	104,670	-	104,670
Change in value of trusts	-	(800,526)	(800,526)
Net change in value of life insurance	(59,430)	-	(59,430)
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>18,032,285</u>	<u>(2,257,648)</u>	<u>15,774,637</u>
GRANTS AND EXPENSES:			
Grants and program expenditures	16,493,261	-	16,493,261
Administrative expenses	999,471	-	999,471
Fundraising and development	<u>923,478</u>	<u>-</u>	<u>923,478</u>
Total grants and expenses	<u>18,416,210</u>	<u>-</u>	<u>18,416,210</u>
Change in net assets	(383,925)	(2,257,648)	(2,641,573)
Net assets as of beginning of year	<u>127,013,852</u>	<u>34,750,870</u>	<u>161,764,722</u>
Net assets as of end of year	<u>\$ 126,629,927</u>	<u>\$ 32,493,222</u>	<u>\$ 159,123,149</u>

See accompanying notes to financial statements.

COMMUNITYGIVING**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES****FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			
	Grants & Program Expenditures	Administrative Expenses	Fundraising & Development	Total
Grants	\$ 16,451,032	\$ -	\$ -	\$ 16,451,032
Other expenses	302,871	-	-	302,871
Payroll costs	824,624	789,663	769,244	2,383,531
Office expenses	56,250	53,864	52,471	162,585
Building expenses	50,196	48,068	46,825	145,089
Administrative expenses	71,735	68,693	114,156	254,584
Depreciation	17,214	16,485	16,058	49,757
Professional fees	14,354	13,746	13,390	41,490
Dues & subscriptions	13,691	13,112	12,773	39,576
Advertising	11,571	11,080	10,793	33,444
Development & marketing	11,902	11,397	11,103	34,402
Insurance	7,166	6,861	6,684	20,711
Totals	<u>\$ 17,832,606</u>	<u>\$ 1,032,969</u>	<u>\$ 1,053,497</u>	<u>\$ 19,919,072</u>

	2022			
	Grants & Program Expenditures	Administrative Expenses	Fundraising & Development	Total
Grants	\$ 15,671,945	\$ -	\$ -	\$ 15,671,945
Other expenses	130,896	-	-	130,896
Payroll costs	523,055	759,018	678,321	1,960,394
Office expenses	48,965	68,331	61,066	178,362
Building expenses	35,756	51,650	46,158	133,564
Administrative expenses	31,888	47,963	73,133	152,984
Depreciation	12,018	17,076	15,261	44,355
Professional fees	9,136	13,247	11,838	34,221
Dues & subscriptions	10,113	14,495	12,954	37,562
Advertising	7,309	10,628	9,498	27,435
Development & marketing	6,708	9,558	8,542	24,808
Insurance	5,472	7,505	6,707	19,684
Totals	<u>\$ 16,493,261</u>	<u>\$ 999,471</u>	<u>\$ 923,478</u>	<u>\$ 18,416,210</u>

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 11,207,729	\$ (2,641,573)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	49,757	44,355
Net realized (gain) loss on investments	(840,924)	(8,309,809)
Net unrealized (gain) loss on investments	(10,821,916)	30,050,819
Adjustment of liability for split-interest agreements	(58,298)	(1,028,520)
(Increase) decrease in:		
Other receivables	(209,143)	43,135
Unconditional promises to give	36,200	(3,125)
Prepaid expenses	17,953	14,313
Operating lease right-of-use assets	(88,719)	-
Increase (decrease) in:		
Accounts payable	24,485	59,300
Accrued expenses	46,152	7,823
Grant awards payable	75,223	(4,923)
Due on investment	(10,000)	(30,000)
Operating lease liabilities	88,719	-
Agency funds	<u>4,150,965</u>	<u>(2,284,912)</u>
Net cash provided (used) by operating activities	<u>3,668,183</u>	<u>15,916,883</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,802,555	3,116,342
Purchase of investments	(7,549,785)	(20,273,502)
Purchase of property and equipment	(95,506)	(76,316)
(Increase) decrease in other assets	<u>(578,082)</u>	<u>(154,292)</u>
Net cash provided (used) by investing activities	<u>\$ (4,420,818)</u>	<u>\$ (17,387,768)</u>

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in irrevocable trust investments	\$ (196,649)	\$ 1,814,942
Net cash provided (used) by financing activities	<u>(196,649)</u>	<u>1,814,942</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(949,284)	344,057
BEGINNING CASH AND CASH EQUIVALENTS	<u>4,068,136</u>	<u>3,724,079</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 3,118,852</u>	<u>\$ 4,068,136</u>

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

During the years ended June 30, 2023 and 2022 the Foundation entered into the following non-cash investing and financing transactions.

	<u>2023</u>	<u>2022</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Noncash change in investments	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Activities

CommunityGiving (the Foundation) is a non-private foundation, tax exempt corporation under Section 501(c)(3) of the Internal Revenue Code. It is a publicly supported philanthropic institution governed by a board of private citizens chosen to be representatives of the public interest and for their knowledge of the community. It administers individual funds contributed or bequeathed to it by individuals, families, other agencies, corporations and other organizations in the United States of America, including the operating divisions of Alexandria Area Community Foundation, Brainerd Lakes Area Community Foundation, Community Foundation for Carver County, Central Minnesota Community Foundation, Paynesville Area Community Foundation, Willmar Area Community Foundation and Derby Community Foundation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation, CMCF Properties I, LLC, and RealEstateGiving, LLC. All significant inter-company accounts and transfers have been eliminated in consolidation.

Change in Accounting Principle

As of July 1, 2022, the Foundation changed their accounting method for leases as a result of implementing the requirements in FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, using the modified retrospective transition method. There was no cumulative effect adjustment to the Foundation's consolidated statement of financial position as of July 1, 2022. Comparative information has not been restated and continues to be reported under the accounting standard in effect for the prior period.

The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases that are in place for greater than 12 months and meet other certain criteria under the new guidance. The Foundation elected the package of practical expedients, which allowed, among other things, for not reassessing the lease classification or initial direct costs for existing leases.

As of July 1, 2022, approximately \$108,700 in operating lease right-of-use assets and corresponding lease liabilities were recognized. Adoption of the new guidance did not have a significant impact on the consolidated statement of activities, functional expenses, or cash flows for the year ended June 30, 2023.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Without Donor Restriction is defined as that portion of net assets that has no use or time restrictions. The bylaws of the Foundation include a variance provision giving the Board of Directors (the "Board") the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgement of the Board (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, the Foundation classified contributions, except as noted below, as without donor restriction for financial statement presentation.

With Donor Restriction is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as with donor restriction until the funds are received, and are discounted at a rate commensurate with the risks involved. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restriction. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as with donor restriction until appropriated for use based on the Foundation's spending policy.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers checking accounts to be cash equivalents. The Foundation maintains cash in bank deposit accounts at high credit quality financial institutions. Money market funds held with brokerage firms are included in investments.

Other Receivables

Other receivables consist of beneficial interests in charitable trusts of which the Foundation is not trustee. The beneficial interests in charitable lead trusts are valued at the present value of future benefits to be received. The beneficial interests in charitable remainder trusts are valued at the present value of the expected future benefit.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Unconditional Promises to Give

Unconditional promises to give the Foundation cash or other assets in the future are recorded as contribution revenue and contributions receivable. If management expects the cash from the contribution receivable to be received more than one year in the future, the contributions revenue and receivable are discounted for the time value of money (i.e., net present value).

Investments

The Foundation carries its investments at fair value in accordance with generally accepted accounting principles for not-for-profit organizations. Investments consist primarily of money market funds, bonds, stocks, and mutual funds. Investments with readily determinable fair values are reported at fair value. Investments with no readily determinable fair value are carried at cost or estimated fair value, if lower. The Investment Committee of the Foundation has the primary responsibility for directing and monitoring the investment of the Foundation's funds in accordance with the Foundation's investment policy.

Fair Value Reporting

The Foundation follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which provides clarification and guidance regarding reporting of financial instruments at fair value. In accordance with FASB ASC 820, fair value is defined as the price that the Foundation would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels listed below:

- Level 1 – valuations based on quoted prices in active markets for identical assets or liabilities.
- Level 2 – valuations based on quoted prices in markets that are not active or for which all significant inputs are observable.
- Level 3 – valuations based on inputs that are unobservable and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Fair Value Reporting (Continued)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement.

Fair values of assets and liabilities of the Foundation measured on a recurring basis at June 30, 2023 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Corporate stocks	\$ 7,397,037	\$ 7,397,037	\$ -	\$ -
Corporate bonds	5,449,441	5,449,441	-	-
Gov't obligations	818,557	818,557	-	-
Mutual/ETF funds	164,479,409	164,479,409	-	-
Money markets	9,250,661	9,250,661	-	-
Other investments	<u>5,020,151</u>	<u>53,166</u>	<u>-</u>	<u>4,966,985</u>
Total investments	<u>\$ 192,415,256</u>	<u>\$ 187,448,271</u>	<u>\$ -</u>	<u>\$ 4,966,985</u>
Assets held in charitable trusts and gift annuities	<u>\$ 8,181,973</u>	<u>\$ 8,181,973</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interests in charitable trusts	<u>\$ 1,149,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,149,820</u>
Liabilities under split- interest agreements	<u>\$ 2,644,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,644,880</u>

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Fair Value Reporting (Continued)

Fair values of assets and liabilities of the Foundation measured on a recurring basis at June 30, 2022 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets For Identical Assets/Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Corporate stocks	\$ 6,297,866	\$ 6,297,866	\$ -	\$ -
Corporate bonds	5,484,682	5,484,682	-	-
Gov't obligations	632,104	632,104	-	-
Mutual/ETF funds	144,519,873	144,519,873	-	-
Money markets	14,990,499	14,990,499	-	-
Other investments	<u>5,080,162</u>	<u>44,906</u>	<u>-</u>	<u>5,035,256</u>
Total investments	<u>\$ 177,005,186</u>	<u>\$ 171,969,930</u>	<u>\$ -</u>	<u>\$ 5,035,256</u>
Assets held in charitable trusts and gift annuities	<u>\$ 7,985,324</u>	<u>\$ 7,985,324</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interests in charitable trusts	<u>\$ 940,677</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 940,677</u>
Liabilities under split- interest agreements	<u>\$ 2,703,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,703,178</u>

Property and Equipment

Land, building and equipment are carried at cost or appraised value for donated assets. Depreciation is computed using the straight-line method over a useful life period of 5-39 years.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

Other Assets

Other assets are recorded at cost or donated fair market value adjusted to net present value or fair value. Other assets consist of several items, including other assets of trusts, cash surrender value of life insurance, purchased annuities, real estate holdings, interest in closely held companies, and donations of securities that intend to be liquidated immediately.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Due on Investment

The Foundation acquired an investment in an investment partnership, for money down and for an irrevocable commitment. Under this agreement the Foundation owed the investment partnership \$10,000 and \$20,000 at June 30, 2023 and 2022, respectively.

Agency Funds

FASB ASC 958-605, formerly FASB 136, requires the Foundation, which accepts cash or other financial assets from a donor and agrees to use those assets on behalf of the donor, to recognize the fair value of those assets as a liability.

Split-Interest Agreements

Split-interest agreements are agreements between the Foundation and donors in which the donors make gifts to the Foundation, but the Foundation is not the sole beneficiary. The Foundation receives either a lead interest (distributions during the term of the agreement with any remaining assets going to an individual or individuals designated by the donor) or a remainder interest (distribution of assets remaining at the end of the agreement with distributions going to an individual or individuals designated by the donor during the term of the agreement). Assets held in charitable trusts, assets held in charitable gift annuities, or beneficial interests in charitable trusts qualify as split-interest agreements.

Deferred Gift Liabilities for Split-Interest Agreements

When the Foundation is the trustee of charitable gift annuities and charitable remainder trusts (split-interest agreements) in which the Foundation has a future interest, the full market value of the trusts' assets are shown as an asset of the Foundation with an offsetting liability (deferred gift liabilities for split-interest agreements) for the net present value of the expected payments to be made to the income beneficiary. The present value of the estimated future payments to be distributed during the beneficiary's expected life is calculated using a discount rate between 7% and 9% based on the year the gift was received in accordance with the Uniform Gift Annuity Rates as adopted by the American Council on Gift Annuities.

Net Asset Classifications

The State of Minnesota adopted UPMIFA effective August 1, 2008. The Foundation has adopted FASB ASC 958-205-45 starting with the fiscal year ending June 30, 2009. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to the governing documents for CommunityGiving and most contributions are subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Net Asset Classifications (Continued)

Under the terms of the governing documents, the Board of Directors has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as with donor restriction are classified as without donor restriction net assets for financial statement purposes.

Donor restriction net assets subject to UPMIFA consist of the corpus of irrevocable charitable trusts, lead trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds. The corpus represents the fair value of original gifts where the donor has indicated the gifts be retained permanently. The value of assets in excess of the original gifts in donor-restricted endowment funds are classified as with donor restriction net assets until appropriated for expenditure by the Foundation.

Advertising

Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2023 and 2022 were \$33,444 and \$27,435, respectively.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis. Costs that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other costs have been allocated among the program and supporting services benefited based on time spent on these functions by employees as estimated by management.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is 7% annually, net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Endowment Investment and Spending Policies (Continued)

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount equal to 4% of a moving five-year average. The spending policy has a floor of 3% and a ceiling of 5% of current market value. Accordingly, over the long term, the Foundation expects current spending policy to allow its endowment assets to grow at an average rate of 3% annually.

Uncertainty for Income Taxes

The Foundation is subject to the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the tax positions for the Foundation and each of the consolidated entities and concluded that the Foundation had taken no uncertain income tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance. The Foundation's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

Date of Management's Review

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 9, 2023 the date the financial statements were available to be issued.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 2 **LIQUIDITY AND FUNDS AVAILABLE:**

The following table reflects the Foundation's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and Board designated endowments. These Board designations could be drawn upon if the Board approves that action.

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation's financial assets due within one year of the consolidated statements of financial position date for general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 3,118,852	\$ 4,068,136
Accounts and other receivables	1,149,820	940,677
Unconditional promises to give	10,450	46,650
Prepaid expenses	32,570	50,523
Investments	192,415,256	177,005,186
Irrevocable trust investments	8,181,973	7,985,324
Other assets	<u>2,846,862</u>	<u>2,268,780</u>
Total financial assets	<u>207,755,783</u>	<u>192,365,276</u>
Less those unavailable for general expenditure within one year, due to:		
Accounts and other receivables collectible beyond one year	(983,632)	(757,229)
Irrevocable trust investments collectible beyond one year	(7,743,118)	(7,458,438)
Other assets available beyond one year	(2,800,296)	(2,217,278)
Investments not convertible to cash within next 12 months	(1,934,827)	(1,806,614)
Financial assets held for others	(35,044,232)	(30,893,267)
Investments in quasi endowments appropriated beyond one year	(31,723,106)	(27,008,934)
Perpetual endowments appropriated beyond one year	(33,305,841)	(31,496,361)
Investments in board designated administrative funds appropriated beyond one year	(12,610,578)	(12,025,268)
Investments in donor advised funds net of estimated appropriations	<u>(74,601,253)</u>	<u>(70,715,087)</u>
Financial assets due within one year to meet needs for general expenditures	<u>\$ 7,008,900</u>	<u>\$ 7,986,800</u>

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 3 **OTHER RECEIVABLES:**

The following is a summary of other receivables as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Charitable remainder trusts	\$ <u>1,149,820</u>	\$ <u>940,677</u>

NOTE 4 **UNCONDITIONAL PROMISES TO GIVE:**

Unconditional promises to give at June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Receivable in one to five years	\$ 10,450	\$ 50,000
Allowance for doubtful receivables	<u>-</u>	<u>-</u>
Total unconditional promises to give	\$ 10,450	\$ 50,000
Less discounts to net present value	<u>-</u>	<u>(3,350)</u>
Net unconditional promises to give	<u>\$ 10,450</u>	<u>\$ 46,650</u>

Discount rate used on the long-term promise to give was 7.18%.

NOTE 5 **PROPERTY AND EQUIPMENT:**

The following is a summary of property and equipment as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 109,941	\$ 109,941
Building and improvements	835,949	828,374
Office equipment	<u>307,347</u>	<u>255,506</u>
	\$ 1,253,237	\$ 1,193,821
Less: Accumulated depreciation	<u>(469,542)</u>	<u>(455,875)</u>
Net property and equipment	<u>\$ 783,695</u>	<u>\$ 737,946</u>

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$49,757 and \$44,355, respectively.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 6 **OTHER ASSETS:**

The following is a summary of other assets as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Other assets	\$ 47,672	\$ 62,618
Real estate	1,997,100	1,297,000
Cash surrender value of life insurance	802,090	909,162
	<u>\$ 2,846,862</u>	<u>\$ 2,268,780</u>

NOTE 7 **GRANT AWARDS PAYABLE:**

Grants payable consist of amounts awarded, but not paid.

NOTE 8 **RETIREMENT PLAN:**

The Foundation has a 403b Thrift Savings Plan covering all employees who qualify as to length of service of one year and at least 1,000 hours. Participants in the plan may elect to contribute funds to the plan through a salary reduction agreement. The Foundation, at the discretion of the Board, can provide matching contributions and an employer base contribution. The contributions to the plan were \$112,261 and \$107,676 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 **DEFICIENCIES IN DONOR-RESTRICTED ENDOWMENT FUNDS:**

FASB ASC 958-605 requires the Foundation to disclose the total amount of deficiencies for donor-restricted endowments funds, when the fair value of the endowments assets falls below the amount the donor requires to be maintained in perpetuity. There were no deficiencies at June 30, 2023 and 2022.

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 10 **CHANGES IN ENDOWMENT NET ASSETS:**

The following is a summary of the changes in endowment net assets as of June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 28,115,657	\$ 32,493,222	\$ 60,608,879
Contributions, net	2,938,420	456,528	3,394,948
Interest and dividends	776,835	880,228	1,657,063
Investment earnings, realized and unrealized	2,411,507	2,428,066	4,839,573
Amounts appropriated for expenditures	(1,320,023)	(1,885,125)	(3,205,148)
Fund change transfers	-	(26,603)	(26,603)
Other changes	<u>-</u>	<u>49,942</u>	<u>49,942</u>
Endowment Net Assets, End of Year	<u>\$ 32,922,396</u>	<u>\$ 34,396,258</u>	<u>\$ 67,318,654</u>

The following is a summary of the changes in endowment net assets as of June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ 28,856,319	\$ 34,750,870	\$ 63,607,189
Contributions, net	4,117,924	2,753,641	6,871,565
Interest and dividends	761,251	906,142	1,667,393
Investment earnings, realized and unrealized	(4,138,952)	(5,738,798)	(9,877,750)
Amounts appropriated for expenditures	(1,232,332)	(1,254,252)	(2,486,584)
Fund change transfers	(248,553)	-	(248,553)
Other changes	<u>-</u>	<u>1,075,619</u>	<u>1,075,619</u>
Endowment Net Assets, End of Year	<u>\$ 28,115,657</u>	<u>\$ 32,493,222</u>	<u>\$ 60,608,879</u>

COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 11 **RELATED PARTY TRANSACTIONS:**

The Foundation had the following transactions with related parties:

The Foundation has entered into a Supporting Organization agreement with Granite Charitable to provide services from staff and other overhead expenses. Payments from Granite Charitable for the year ended June 30, 2023 and 2022 amounted to \$76,090 and \$50,354.

NOTE 12 **CONCENTRATION OF CREDIT RISK:**

The Foundation places its cash with a financial institution. At times the amount on deposit exceeds the insured limit of the institution and exposes the Foundation to a credit risk.

NOTE 13 **OPERATING LEASES – RIGHT-OF-USE ASSETS**

The Foundation leases office space and office equipment under non-cancelable operating leases. The leases contain no significant restrictions. The leases provide monthly payments of varying amounts. Lease payments are constant over the various lease terms. The leases expire on various dates through 2028. During the fiscal year ended June 30, 2023, the Foundation adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, (See Note 1). As a practical expedient, the Foundation's incremental borrowing rate of 5.0% was used as the discount rate in order to determine present value. The following schedule summarizes the future minimum lease payments on the operating leases and the amortization of the net present value (NPV) of the lease liability as of June 30, 2023.

At June 30, 2023 estimated future net minimum lease payments were as follows:

Year ending	
<u>June 30,</u>	
2024	\$ 29,415
2025	27,977
2026	13,040
2027	9,759
2028	8,528
Thereafter	-
	<u>\$ 88,719</u>

The carrying value of the right-of-use assets as of June 30, 2023 was:

Accumulated basis	\$ 108,702
Less: accumulated amortization	<u>(19,983)</u>
	<u>\$ 88,719</u>

The components of operating lease expense are included in "Building expenses" on the consolidated statements of functional expenses for the year ended June 30, 2023 included:

Operating lease costs	<u>\$ 19,983</u>
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COMMUNITYGIVING

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 14 **CONTRIBUTIONS OF NONFINANCIAL ASSETS:**

The Foundation receives in-kind donations of office space and fundraising items from members of the community and volunteers, related to program operations, special events, and fund-raising campaigns. Any donated services are only recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue and a corresponding expense or asset in an amount approximating the estimated fair value at the time of the donation.

A substantial number of volunteers have donated a significant amount of time and services to the Foundation. The value of such time and services has not been reflected in the consolidated financial statements, as an objective basis on which to value such services was not available.

During the fiscal years ending June 30, 2023, the Foundation received donated office space and items used for fundraising events. The Foundation did not receive any contributions of nonfinancial assets during the fiscal year ending June 30, 2022. All donated goods were utilized by the Foundation's programs and supporting services in the fiscal year donated. There were no donor-imposed restrictions associated with the donated goods.

The revenue from contributions of nonfinancial assets is measured based on the fair value of those goods, and the amounts recognized are as follows for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Office space	\$ 6,900	\$ -
Fundraising items	<u>15,253</u>	<u>-</u>
Total	<u>\$ 22,153</u>	<u>\$ -</u>